

**THE STATE SENTINEL**  
Published every Tuesday—Office on Washington Street, Southeast of the State House, directly opposite Armstrong's Hotel.

**TERMS.**—Two dollars a year, always in advance. In no instance will more than one number be sent till the money is received. Subscribers will receive due notice a few weeks before the expiration of each year, and if the payment for a succeeding year be not advanced, the paper will be discontinued. This rule will be strictly adhered to in all cases.

One dollar will be received for six months, and fifty cents for three months—*always in advance*.

Five dollars will be received for three years; or, three papers will be sent one year for the same.

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**Report of Fund Commissioner to his Excellency, Samuel Dugger.**

Sir.—The last legislative enactment on the subject, requires of the Fund Commissioner a report to the Governor, and it is in that character I now address you. Before I proceed, I beg to excuse myself from a seeming disregard of law, in the omission to comply with that regulation, directing the annual report to be delivered by the first of November, by saying I could not return in time for its submission at the appointed period without an injurious delay in my attention to claims, only to be recovered through the courts, whose farious were approaching.

From an intercourse last winter with members who had means of being informed, and from circulating information from other quarters since, I am aware that a full and unreserved exposition of every thing connected with our eastern money matters, arising from the previous sales of our stocks, is not only desired but expected at the hands of the Commissioners. Whilst, therefore, communicate fully, and without constraint, all the information obtained, I will say that I do not over estimate nor understate our securities, nor indulge in a spirit of complaint and fault-finding of others, for the sake, merely, of complaint.

Connected with the subject of the report, certain documents in my possession, to print which (though they are of much interest) would not fit this report too great a size. Besides these, I have papers and opinions that may with propriety be given now; a private agent in the legislature, but which could not be published without an injurious influence upon our claims on individuals and corporations, in whose success those claims are dependent. Such papers and any opinion I may venture to offer, will be found in a manuscript appendix, which will be subject to the inspection of members of the legislature.

After accepting the appointment bestowed at the eve of the adjournment of the legislature, hastened to bring up the unfinished business that devolved on me, and placed the files of the State board of internal improvement in a condition as intelligible as possible to a successor, and then reported New York.

The State Treasurer having to share in the first duties, by preparing the new bonds authorized by law for the payment of our interest and for the redemption of the treasury notes, his co-operation was thought, would be more efficient, less protracted, and less expensive, it given in New York; he therefore affected the aid of his personal service would render, by accompanying me.

Before leaving home there were signs of a decline in the market value of stocks, known at the time of the adjournment of the legislature, which was supposed to arise from some temporary cause that would abate; but before reaching the great market, New York, in March, his aspect was so permanent as to threaten the defeat of the object of the legislature in authorizing the issue of seven per cent. bonds. The new bonds, were, however, executed in readiness for any improvement that might take place in the market price.

The months of March and April passed off without realizing any thing from our large suspended debt to meet the July interest, and seeing nothing to encourage the hope of a prospective improvement in stocks; and whil, having no reason to dread trouble, notwithstanding the unexpected number of outstanding hypothesized bonds, I thought it advisable to return and take counsel of the State officers, and make a trial to procure from the branches of the State Bank, funds for the payment of the interest then nearly due, and to execute the pledged bonds. The President consulted the representatives of the branches attending the State board of directors, but without meeting any agreement, for the reasons that the branches had not been notified—that there had been no legislative request or authority—and because several of the branches had not realized advances made in the purchase business the winter before.

Disappointed in my wishes, I returned to New York without finding much change in the price of State Stocks, but having no other dependence than that of negotiating the new seven per cent. bonds, to protect the credit of the State in the payment of the July interest, the attempt was made, guided by the advice and influence of experienced individuals, but without success.

Having failed in the attempted sale of the seven per cent, at par, and not having the money to offer in discharge of our obligations, two year bonds were advised and subsequently proposed to the holders of our stocks, through the house of M'Allister & Stoddard. *Appendix I.*

Of the bonds left with that house, only about \$30,000 have been delivered in exchange for July coupons, and there is no prospect of effecting further exchanges to any amount.

The duty next in importance, claiming my attention, after being released from the attempt to vend the new bonds for the July interest, was that of looking to the great number of pledged bonds; and in doing so, the apprehended trouble alluded to before I returned to the west, were fully realized.

Without more detail than is usual, this subject of the pledged bonds will not be satisfactorily understood; but as it proved a more disastrous one to the State, it will be necessary to give all the particulars belonging to its history.

The first thing necessary, explanatory of the subject, is the official report made by the late Commissioner in answer to a call of the House of Representatives on the 10th of February last, of which the extract is:

**OFFICE BOARD FUND COMMISSIONERS,**  
Indianapolis, February 10, 1841. *Yours, Samuel Dugger.*

**Speaker of the House of Representatives:**

"Sir.—The following questions have been propounded to me by the House of Representatives, over which you preside, in a resolution as follows:

"Resolved, That Milton Stapp, Esq., Fund Commissioner, be requested to lay before this House, as early as convenient,—

"1st. A table showing the amount of State bonds sold, to whom sold, and on what terms, that have been paid for according to contract.

"2d. The amount of bonds parted with, to whom and on what terms, which have not been paid for according to contract.

"3d. The amount of bonds that have been hypothesized, to whom, and on what terms, how much has been received on the hypothecation, and to what use it has been applied.

"These questions I proceed to answer from the best light before me.

"1st. The amount of State bonds issued by the State of Indiana, to whom sold, and on what terms sold, and which have been paid for, will be found in the accompanying abstract A.

"2d. The amount of bonds parted with, &c., which have not been paid for will also be found in abstract A.

"3d. During the summer and fall, and for the payment of July and January interest, I hypothesized \$600,000 of bonds, to borrow \$300,000, and have since paid \$30,000, and redeemed \$60,000 of the hypothesized bonds. The bonds now out were hypothesized.

**NEW YORK, January 13, 1841.**

**Mrs. NELSON ROBINSON,**

**Fund Commissioner of Indiana,**

**NELSON ROBINSON,**

**DANIEL DREW,**

**The amount still due is \$270,000.**

# STATE INDIANA SENTINEL.

*The Price of Freedom*

PUBLISHED EVERY TUESDAY.

**Vol. I.]**

**INDIANAPOLIS,**



*CROW, CROW, CROW!*

*is Eternal Vigilance.*

BY G. A. & J. P. CHAPMAN.

JANUARY 7, 1842.

[No. 27.

## DEMOCRATIC PRINCIPLES.

A simple and frugal Government, confined within strict Constitutional limits.

No public debt, either by the General Government, or by the States, except for objects of urgent necessity.

No assumption by the General Government of the debts of the States, either directly, or indirectly by a distribution of the proceeds of the public lands.

No extensive system of Internal Improvement by the General Government, or by the States.

A constitutional barrier against improvidence laws.

The honest payment of our debts and the sacred preservation of the public faith.

A gradual return from an extensive credit system.

No national bank to swindle the laboring population.

No connexion between the Government and banking corporations.

No grants of exclusive charters and privileges, by special legislation, to banks.

No connexion between Church and State.

No proscription for honest opinions.

Fostering aid to public education.

"R. Dodge, 30,000  
" same, 23,000

"Marl Canal and Banking Company, 311,000

"Bank of Cleveland, Ohio, 50,000

Add to these bonds, to-wit: 45,000

To Danforth, "H. Reop, 10,000

Used to pay Reop for house and lot in Buffalo not reported—dead in Stapp's private name, but

reduced since to State, 7,000

Stapp, \$150,000  
Obligation with security, due March 1, for 100,000

With a copy of the written memorandum between Gen. Stapp and Mr. Robinson, pledging 30 of the bonds for his own use, my detail of the pledged bonds with Mr. Robinson and his house will close.

30 Bonds, NEW YORK, April 13, 1841.

I have purchased of Nelson Robinson thirty Indiana State Bonds of £225 sterling (equal to \$1000) at five hundred and fifty-five dollars, each being 55 per cent, payable and deliverable at his option on or before the 1st October next, with interest at the rate of seven per cent, per annum, having left thirty sterling bonds with N. R., as collateral security for the faithful performance of this contract.

MILTON STAPP.

Before my return home in the spring, the large liabilities of Sherwood, for bonds trusted with him, were not overlooked. They may be stated as follows:

His receipt without date for \$499,000

Sold to him at one time (as now said by Gen. Stapp) 100,000

Sold to him another time for Gallipolis paper, 200,000

Deduct the bonds transferred to Hunt & Co. at the time they took the loans from him, 270,000

\$520,000

Add Sherwood's old debt in the name of the Erie county Bank, 141,000

\$661,000

In his description of the bonds said to be sold to Sherwood, Gen. Stapp describes the same in each delivery; but in his written information, he intends to say the two sales were for the \$300,000.

Mr. Sherwood's attention was called to this large sum in April, by requesting Gen. Stapp to call on him and see what he could do in money, bonds, or their proceeds. On his return he brought from Sherwood a written memorandum of his stock in the Dry Dock Bank, and another Bank in Western New York; all below par and said to be pledged to him by his clerk, to protect the paper. The plan pursued was, after getting the bonds in safe keeping, to make a deposit with some broker in one or more of the cities or large towns for the redemption of the paper at some trifling rate of discount. This being done, the bank notes would be advertised as sold at a small rate of discount; and while the small amount of notes put in circulation at the place of redemption were regularly received by the broker, large sums were sent to more remote parts, and referring to the advertisement for the date and currency of the paper where descended the agents succeeded in making exchanges.

Mr. Sherwood was concerned in four of such banks, and among them, that at Gallipolis, Ohio, Dandorf and Cole were the proprietors of the Bangor Bank, N. Y., and afterwards they owned

in Ohio; one of them the Circleville Bank.

Dodge was the chief man in the Seneca county Bank, N. Y., and has the credit of swindling the Western Banks out of large sums by the sale of drafts, two of which fell into the hands of our friends. He next got into the Newburyport Bank, Massachusetts, and with the paper of that bank paid Gen. Stapp about \$20,000 the debt due from the Seneca county Bank to the Madison Company, for their bonds sold by Gen. Stapp. The trial by Mr. Dodge was called to this large sum in April, by requesting Gen. Stapp to call on him and see what he could do in money, bonds, or their proceeds. On his return he brought from Sherwood a written memorandum of his stock in the Dry Dock Bank, and another Bank in Western New York; all below par and said to be pledged to him by his clerk, to protect the paper. The plan pursued was, after getting the bonds in safe keeping, to make a deposit with some broker in one or more of the cities or large towns for the redemption of the paper at some trifling rate of discount. This being done, the bank notes would be advertised as sold at a small rate of discount; and while the small amount of notes put in circulation at the place of redemption were regularly received by the broker, large sums were sent to more remote parts, and referring to the advertisement for the date and currency of the paper where descended the agents succeeded in making exchanges.

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